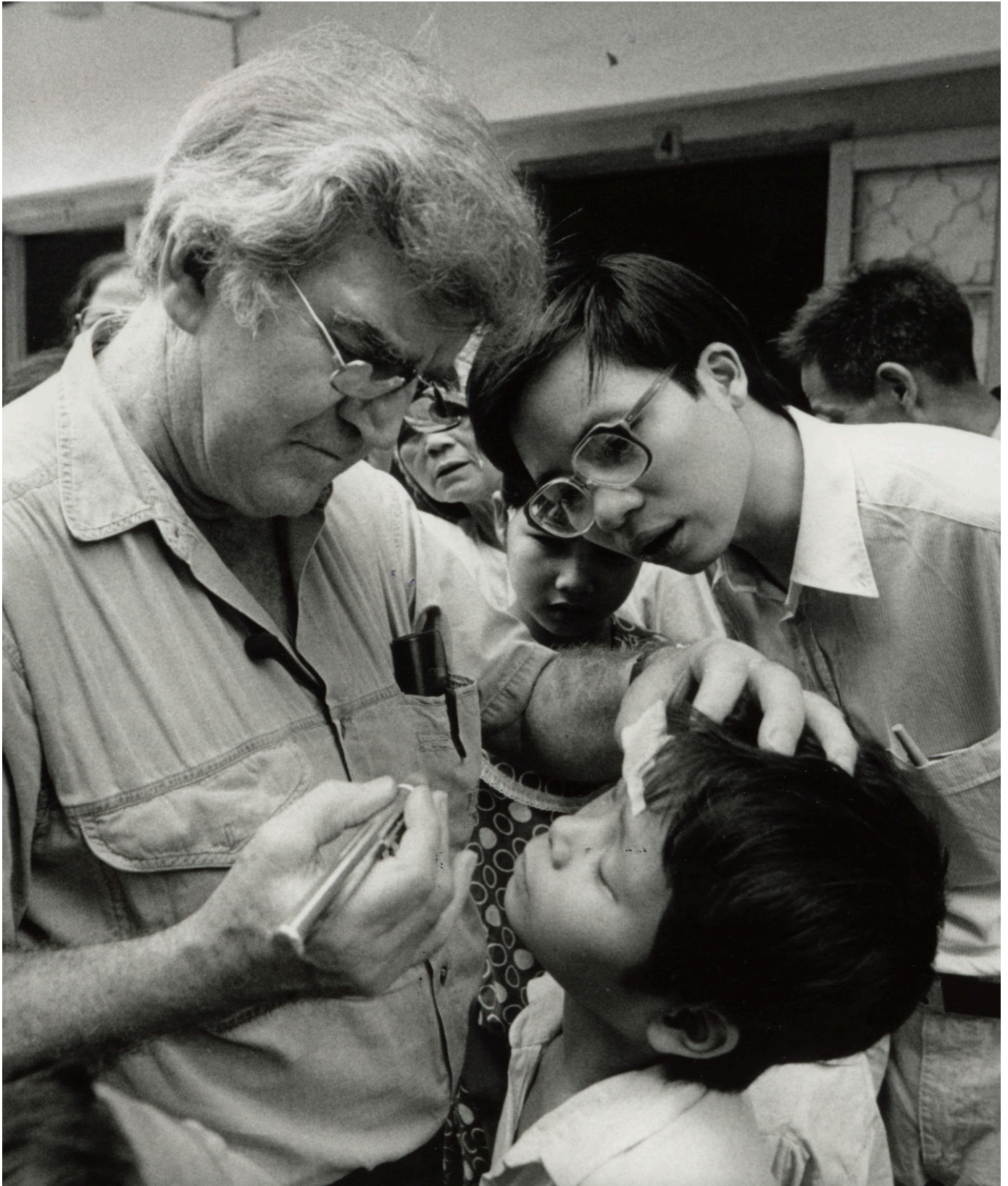


ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020



CORPORATE INFORMATION

Current Directors	J Brumby (Chair) H Evans (Co-Deputy Chair) M Johnson (Co-Deputy Chair) K Fanning A Hall C Hawkins G Hollows J Madden R de Mel P Ruiz P Torzillo
Chief Executive Officer	Ian Wishart
Company Secretary	Daryn Deiley
Registered office and principal place of business	Level 9, 320 Pitt Street, Sydney, NSW 2000 Australia
Postal Address	Locked Bag 5021, Alexandria NSW 2015, Australia
ABN	46 070 556 642
Contact details	
Website:	www.hollows.org
Donation Line:	1800 352 352
Telephone:	+612 8741 1900
Facsimile:	+612 8741 1999
Email:	fhf@hollows.org
Bankers	Westpac Banking Corporation
Auditors	BDO Audit Pty Ltd

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

Directors' Report	4
Auditor's independence declaration	16
Consolidated Statement of income	17
Consolidated Statement of financial position	18
Consolidated Statement of cash flows	19
Consolidated Statement of changes in equity	20
Notes	21 - 38
1. General information and statement of compliance	
2. Subsidiaries and Parent financial information	
3. Summary of significant accounting policies	
4. Financial risk management objectives and policies	
5. Investment income	
6. Other income/(expenditure)	
7. Trade and other receivables	
8. Financial assets at fair value	
9. Acquisition and disposals	
10. Property, plant and equipment	
11. Intangible assets	
12. Trade and other payables	
13. Deferred grants	
14. Provisions	
15. Lease liability	
16. Reserves	
17. Key management personnel	
18. Events subsequent to reporting date	
19. Limitation of members' liability	
20. ACFID Code of Conduct	
21. Related party disclosure	
22. Information furnished under the ACFID Code of Conduct	
23. Auditor's remuneration	
24. Information furnished under the Charitable Fundraising Act (NSW)	
Directors' Declaration	39
Statement of Chair of Finance and Audit Committee	39
Independent auditor's report	40

DIRECTORS' REPORT

The Directors present this report to the Members of The Fred Hollowes Foundation for the year ended 31 December 2020.

Directors

The names of each person who has been a Director during the year, and the number of meetings each has attended, are set out in the table below.

<i>Note: Column A shows the number of meetings attended, while Column B shows the number of meetings held during the time each Director held office during the year.</i>	Date appointed to current term of office	2020 Board Meetings	
		A	B
John Brumby (Chair)	May 2018	8	8
Helen Evans (Deputy Chair)	May 2018	8	8
Michael Johnson (Deputy Chair)	May 2018	8	8
Katrina Fanning	May 2019	6	8
Anthony Hall	May 2019	8	8
Christine Hawkins	May 2018	8	8
Gabi Hollowes	April 1995	8	8
Ruwan de Mel	May 2019	8	8
Paul Ruiz	May 2019	8	8
Paul Torzillo*	May 2019	1	4

Details of Directors' qualifications, experience and special responsibilities within The Foundation are shown later in this report.

**Director Paul Torzillo was granted a 6 month leave of absence to focus on COVID-19 response at the 26 March 2020 Board meeting*

Board Committee Meetings

The Board has established three Committees which report directly to it. The following table shows these Committees, the number of meetings

held during the year and the attendance record of those Directors who were members of the Committees during 2020.

	Finance and Audit Committee	Governance and Nominations Committee	Programs and Partnerships Committee
No. of meetings in 2020	5	4	4
No. Meetings attended			
John Brumby	n/a	4	n/a
Helen Evans	n/a	n/a	4
Michael Johnson	n/a	4	4
Katrina Fanning	4	n/a	n/a
Anthony Hall	n/a	n/a	3
Christine Hawkins	5	n/a	n/a
Gabi Hollows	n/a	4	4
Ruwan de Mel	n/a	n/a	4
Paul Ruiz	5	n/a	n/a
Paul Torzillo*	n/a	n/a	1 out of a possible 2

*Director Paul Torzillo was granted a leave of absence from 26 March 2020.

Objectives, strategies, principal activities and performance

The Fred Hollows Foundation is an international development organisation focusing on blindness prevention and Indigenous Australian eye health. We are independent, not-for-profit, politically unaligned and secular.

Our Vision

For a world in which no one is needlessly blind or vision impaired.

Our Contribution

Year on year increase in cases of **blindness and vision impairment averted** and **years of sight saved** with support from The Foundation. Gender equity, inter-country and internal equity achieved in this impact.

Our Values

Our values of **integrity**, **empowerment**, **collaboration**, and **action** underpin every aspect of our work both here in Australia and around the globe.

Our Purpose

We are determined to deliver Fred Hollows' vision of preventing blindness and restoring sight.

We work around the world so that no one is left behind and in Australia we work tirelessly to ensure that Aboriginal and Torres Strait Islander people can always exercise their right to sight and good health.

Our priority is to work with communities to improve their own eye health. We do this through life-changing surgeries and treatments, training doctors and health workers, generating new ideas and pushing for change at all levels – from local to global.

2020 in reflection

For nearly 30 years we have continued Fred Hollows' legacy and mission to end avoidable blindness. Clarity about our vision, purpose, contribution and values are an important element of our success. We are singularly dedicated to our pursuit of this goal.

2020 was a very difficult year for The Fred Hollows Foundation, like all international NGOs, Australian businesses and charities large and small, with the year commencing with the devastating bushfires in Australia and then the effects of the global COVID-19 pandemic impacting all aspects of our organisation.

Our first responsibility was ensuring the safety and security of our staff, partners and beneficiaries and then on ensuring the long-term stability of The Foundation through this pandemic and economic crisis while also doing whatever we could to continue to support eye health services in the most challenging circumstances.

We are proud to say that we have protected The Foundation and ensured financial and organisational sustainability for the long-term. We've also put aside vital funds to ramp back up

our sight saving work as soon as it's safe to do so. We now need to focus on delivering on our mission and commitments to our supporters and those who need our help the most.

Blindness and vision loss don't stop with a global pandemic. In fact, the enormous disruption caused by COVID-19 has only made the situation worse. People who could have accessed treatment and care have been unable to. The backlog has grown, making our work even more critical. In 2021, there are more people with vision loss and blindness as a result of the pandemic.

In many countries eye health services have begun to resume. But they have resumed in a new "Covid-safe" way. The Foundation has supported the provision of Personal Protective Equipment, new ways of working and adapted programs to recognise the need for social distancing and lockdowns. We are constantly revising our guidance and support for safe working environments, for staff partners and patients'. We will continue to resource this work for as long as needed to ensure safety.

Our Impact In 2020

The raw numbers of The Fred Hollows Foundation's achievements during 2020 show the impact of the pandemic, yet we are still very proud of what we were able to achieve in this most challenging of years.

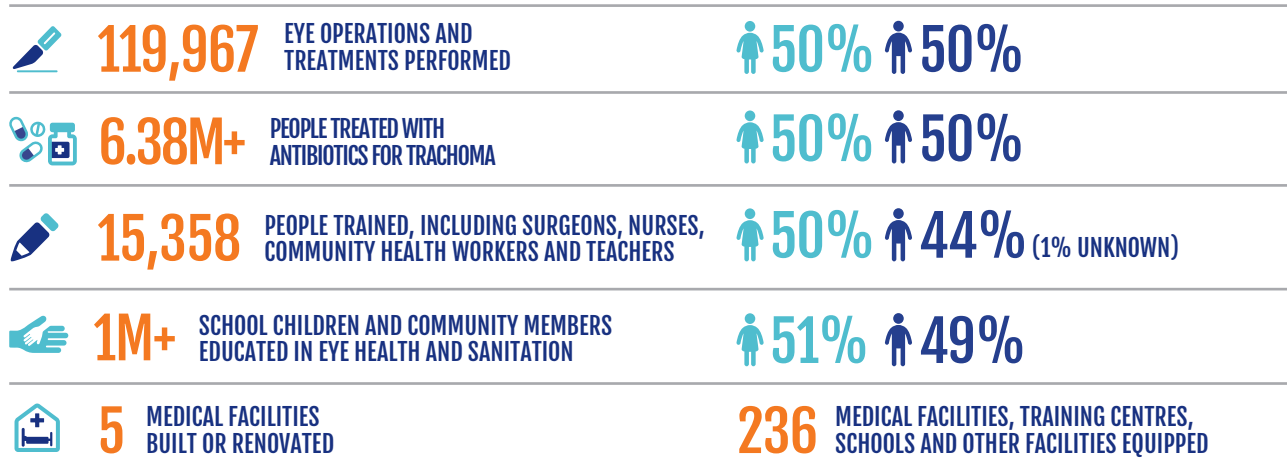
The Fred Hollows Foundation's work goes far beyond providing surgeries and treatments - it has a tangible and long-term impact on the quality of life for our patients. In addition to the outputs, the number of surgeries and treatments we perform, we are also beginning to estimate the cases of blindness and vision impairment we have helped avert and the years of sight our work has contributed to saving.

These calculations help us measure the impact we have made to patients' sight and how this can positively impact their daily lives and even in time, measure the productivity and economic impact returning the sight of someone can have to their family and community.

Many of these gains stem from our support of health systems and organisations in low and middle-income countries to provide more surgeries for cataract, a straightforward and highly cost-effective solution to the world's largest cause of blindness and vision impairment. Importantly more than half of the years of sight we helped save were in women, who are often disadvantaged in accessing eye care and are 1.3 times more likely to be blind than men.

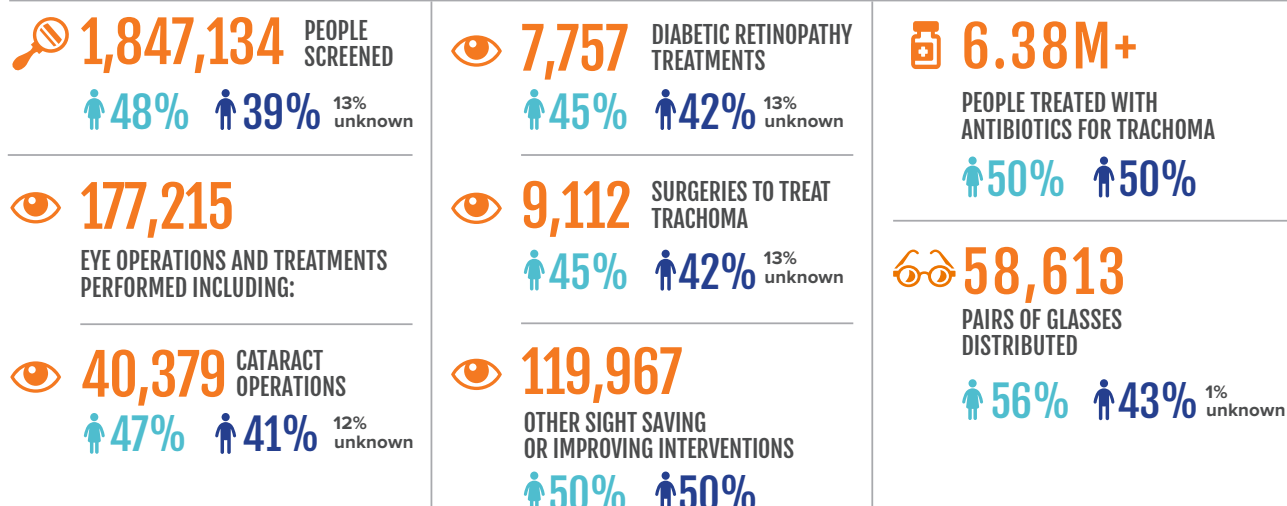
These eye health outcomes reflect the size of The Foundation's contribution and the sustainability of our approach. We are always working to ensure our support provides ongoing benefits to people through training local health workers, improving health systems and ensuring facilities are equipped. As the social and economic benefits to individuals and families become apparent on a global scale, we hope that this will demonstrate the importance of investing in eye health care, particularly in disadvantaged communities.

Global Highlights

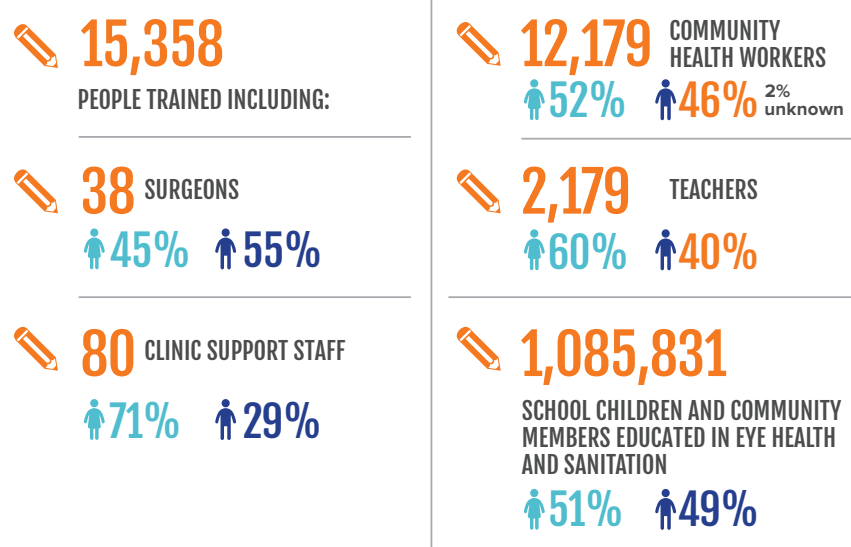


Global Results

HELPING PEOPLE SEE



INVESTING IN PEOPLE



EQUIPMENT & TECHNOLOGY



LEGEND  FEMALE  MALE

Future Programming Commitment:

In an incredibly difficult year The Fred Hollows Foundation has not only survived, but we've ensured our long-term sustainability and put ourselves on a firm financial footing. We've also put aside vital funds to ramp back up as soon as it's safe to do so.

We know that as COVID-19 eases we will need to address the growing eye health problem, the backlog created by COVID-19. We have funding secured and ready to go to start dealing with some of the backlog, but more will be required to be back where we were before.

During 2020 in most countries non-urgent medical services were disrupted. Even in Australia the cataract backlog has grown as elective surgeries were cancelled. These disruptions meant that much of our planned work was impacted and unable to be

completed. Whilst this meant our expenditure was significantly lower than our plans, we did continue to support our partners and their staff throughout the year, even if they were focussing on COVID-19 related activities.

The reduced spending in 2020 meant we were able to put aside funds to use to help reach people who have missed out on services and are waiting even longer. These funds will be used to ramp up our services as soon as it's safe to do so. That may be in 2021, but could extend into the future depending on ongoing COVID-19 restrictions.

We need to ensure that we get our programs running at full capacity as quickly as possible, always mindful of the need for safety and preparing for further COVID-19 disruption.

Financial outcomes 2020:

During 2020 we protected The Foundation's future and ensured financial and organisational sustainability, while continuing to support services wherever it was safe and possible to do so.

Ensuring The Foundation is strong means we can continue to support Fred's vision of a world where no person is needlessly blind. 2020 showed us we need to be ready for anything that is thrown at us and because of the efforts of our team we are ready to face any challenge.

The Foundation has no debt and has both a strong Contingency Reserve and a very strong accumulated surplus to ensure we can manage the uneven cash flows to support future plans. The strong accumulated surplus has also allowed us to set aside significant funds to allow us to ramp up our services as soon as it is safe to do so and our implementing partners are ready. As an international non-government organisation with a core focus on sustainable development and local capacity

strengthening, it is vital that we ensure our programs are effectively designed to maximise the impact. In many cases this will mean projects operating over multiple years which our future expenditure plans will support.

We will now focus on delivering on our mission and commitments to our supporters, getting back to where we were before in terms of delivering eye surgeries.

Our reserves show that we are in a financial position to manage the continuing disruption caused by the pandemic. It should also be reassuring to our supporters and donors that we are now in a stronger position to maximise our impact, save sight and deliver Fred's mission and vision.

Supporters and donors can be assured that their continuing support will be reflected in a continuous increase in programs and services to those in need as we emerge from the global pandemic.

Significant events after the balance date

The current global pandemic with COVID-19 continues to cause operational challenges to The Foundation's planned work. Despite this, other decisions and actions have ensured it has not had a significant detrimental impact on the financial results. However, we are aware there is a backlog of our critical work to reduce vision loss and blindness as a result of the pandemic. For this reason, we have

committed funds from our accumulated surplus for future programming to ensure we can tackle the backlog once operating conditions have stabilised.

The Directors are not aware of any material events occurring after balance date of this report that would require further disclosure in these financial statements.

A focus on quality improvements

Clinical Quality Improvement Activities

Cataract Quality Improvement Framework (CatQIF).

The CatQIF is nearing completion and will provide The Foundation with an overarching holistic cataract surgical quality improvement framework to support The Foundation's partners to improve their clinical quality while also improving productivity, cost and reducing carbon footprint. The CatQIF continues to go through a rigorous consultation and design with core internal and external stakeholders.

Cataract Quality Improvement Intensive Program (CatQIIP).

The CatQIIP officially launched on the 23 of February 2020 across the Foundation in conjunction with the three pilot partners from Ethiopia, Kenya and Bangladesh. All partner sites have already commenced in the required pre work and assessment process to identify current systems gaps, areas for quality improvement and intended targets to reach over the lifespan of the project. Core staff have successfully completed the Institute for Healthcare quality improvement course and are now equipped to support partners through the varying phases of this project. Embedded in the project are monitoring

systems and targets to monitor progress towards improvement targets and minimum expectations from partners including the collation of outcome data and systems for reporting and managing serious untoward incidents. In conjunction, a project evaluation plan has commenced to capture the success of the pilot and review if this is the optimal methodology for quality improvement across other clinical partners.

The Fred Hollows Foundation: Guidelines for Cataract Clinical Quality.

These clinical guidelines have been developed to support country teams to assess partner compliance with the Foundation's Position Statement on Minimum Standards for Cataract Surgical Care and Continuous Quality Improvement Practice. These guidelines provide additional information against each minimum standard, and are intended to promote best practice and help identify supporting actions to satisfy the minimum standards. The guidelines are a resource and can be used alongside routine partner capacity assessments and monitoring processes, to support a culture of routine quality improvement within cataract surgical care.

Operating results for the year

The consolidated financial results of The Fred Hollows Foundation (the parent entity) inclusive of subsidiaries (collectively the group and referred to

as The Foundation from hereon) for the year ended 31 December 2020 were:

	2020	2019
	\$000	\$000
<i>Income</i>	84, 747	96, 045
<i>Expenditure</i>	70, 003	99, 345
<i>Operating Surplus / (Deficit)</i>	14, 744	[3, 300]

Indemnification and insurance of directors

The Fred Hollowes Foundation held Directors and Officers Liability cover during 2020. The amount of cover is reviewed periodically.



Directors' qualifications and experience, and their special responsibilities on the Board:

Name	Experience and Qualifications	Special responsibilities within FHF
<p>John Brumby</p> 	<p>Chair, BioCurate Pty Ltd Chair, MTAA Superannuation Fund Chair, Citywide Solutions Pty. Ltd Chair, Melbourne, Convention and Exhibition Trust Enterprise Professor, The University of Melbourne Chair, Olivia Newton-John Cancer Research Institute National President and Chair, Australia China Business Council Officer of the Order of Australia</p> <p><u>Previously</u></p> <p>Victorian Premier (2007-2010) Victorian Treasurer (2000-2007)</p>	<p>Chair of the Board</p> <p>Chair of the Board of The Fred Hollowes Foundation (HK) Limited</p> <p>Chair of the Board of The Fred Hollowes Foundation (USA) <i>(from February 2018)</i></p> <p>Chair of the Governance and Nominations Committee</p>
<p>Helen Evans</p> 	<p>Director, Burnet Institute Board member of the Global Health Alliance Melbourne Associate Professor (Hon) at the Nossal Institute for Global Health, The University of Melbourne Fellow of the Australian Institute of International Affairs Vice-Chair of the Global Fund to Fight AIDS, Tuberculosis and Malaria's Technical Evaluation Reference Group Member of the Technical Reference Group for the Australian Government's Indo-Pacific Centre for Health Security Officer of the Order of Australia</p> <p><u>Previously</u></p> <p>Deputy CEO, Gavi – The Vaccine Alliance; Deputy Executive Director, The Global Fund to Fight AIDS, Tuberculosis and Malaria First Assistant Secretary, Office for Aboriginal and Torres Strait Islander Health, Department of Health</p>	<p>Deputy Chair of the Board <i>(from 29 May 2019)</i></p> <p>Director of The Fred Hollowes Foundation (USA)</p> <p>Chair of the Programs and Partnerships Committee</p>

Name	Experience and Qualifications	Special responsibilities within FHF
<p>Michael Johnson</p> 	<p>Honorary Associate Professor, School of Social Sciences, University of NSW</p> <p>Area Editor, Economic and Labour Relations Review</p> <p>Life Member, Clare Hall Cambridge</p> <p>Member of the Australian Institute of Company Directors</p> <p>Member of the Order of Australia</p> <p>Previously</p> <p>Coordinator, Development Studies Program, School of Social Sciences, UNSW</p> <p>Head of the School of Social Science and Policy, UNSW</p> <p>Member of the Expert Advisory Committee on the Social and Economic Sciences of the Australian Research Council</p> <p>Foundation Director, Public Sector Research Centre, UNSW</p>	<p>Member of the Governance & Nominations Committee</p> <p>Member of the Programs and Partnerships Committee</p> <p>Director of The Fred Hollows Foundation Kenya</p> <p>Director of The Fred Hollows Foundation (HK) Limited</p> <p>Trustee of The Fred Hollows Foundation (UK) <i>(from 1 December 2020)</i></p>
<p>Katrina Fanning</p> 	<p>Chair ACT Aboriginal and Torres Strait Islander Elected Body</p> <p>Chair Australian Rugby League Indigenous Council</p> <p>Member of Joint Council on Closing the Gap</p> <p>CEO Coolamon Advisors Pty Ltd</p> <p>2014 Public Service Medal</p> <p>2020 ACT Australian of the Year</p> <p>Previously</p> <p>Operations Manager Aboriginal Hostels Limited</p> <p>National Manager Indigenous Service Centrelink</p>	<p>Member of the Finance and Audit Committee <i>(from November 2019)</i></p>

Name	Experience and Qualifications	Special responsibilities within FHF
<p data-bbox="196 275 336 342">Anthony Hall</p> 	<p data-bbox="392 275 798 336">Consultant Ophthalmologist and vitreo-retinal surgeon Newcastle</p> <p data-bbox="392 353 1013 414">Fellow, Royal Australian and New Zealand College of Ophthalmologists</p> <p data-bbox="392 432 946 465">Fellow, Royal College of Ophthalmologist UK</p> <p data-bbox="392 483 916 544">Director Kilimanjaro Centre for Community Ophthalmology Tanzania</p> <p data-bbox="392 577 528 611"><u>Previously</u></p> <p data-bbox="392 633 871 694">Member of Commonwealth Eye Health Consortium advisory committee</p> <p data-bbox="392 712 916 772">Chair RANZCO International Development Committee</p> <p data-bbox="392 790 759 824">Director Vision2020 Australia</p> <p data-bbox="392 842 876 902">Head of Department of Ophthalmology Kilimanjaro Christian Medical Centre</p>	<p data-bbox="1042 275 1406 336">Member of the Programs and Partnerships Committee</p>
<p data-bbox="196 958 336 1025">Christine Hawkins</p> 	<p data-bbox="392 958 863 992">Chair, Australian School of Accounting</p> <p data-bbox="392 1003 866 1064">Chair, Audit and Risk Committee, NSW Environment Protection Authority</p> <p data-bbox="392 1081 962 1142">Director, Southern Highlands Botanic Gardens Limited</p> <p data-bbox="392 1160 935 1220">Director, Kimbriki Environmental Enterprises Pty Limited</p> <p data-bbox="392 1238 994 1272">Managing Director Cinnabar International Pty Ltd</p> <p data-bbox="392 1290 946 1350">Fellow of the Australian Institute of Company Directors</p> <p data-bbox="392 1368 802 1402">Member of the Order of Australia</p> <p data-bbox="392 1420 579 1453">BComm (Hons)</p> <p data-bbox="392 1471 587 1505">MComm UNSW</p> <p data-bbox="392 1523 655 1556">Fellow, CPA Australia</p> <p data-bbox="392 1574 994 1608">Fellow, Australian Institute of Company Directors</p> <p data-bbox="392 1635 531 1668"><u>Previously</u></p> <p data-bbox="392 1686 802 1720">Chair, Wheat Quality Australia Ltd</p> <p data-bbox="392 1738 919 1771">Chair, Go Grains Health & Nutrition Limited</p> <p data-bbox="392 1789 999 1850">Deputy Chair, Grains Research and Development Corporation</p> <p data-bbox="392 1868 935 1928">Director of organisations in food and health, agribusiness and investment banking</p>	<p data-bbox="1042 958 1422 1019">Chair of the Board of The Fred Hollowes Foundation Kenya</p> <p data-bbox="1042 1037 1422 1126">Director of The Fred Hollowes Foundation Social Action Fund (USA)</p> <p data-bbox="1042 1144 1382 1205">Member of the Finance and Audit Committee</p>

Name	Experience and Qualifications	Special responsibilities within FHF
<p>Gabi Hollows</p> 	<p>Orthoptist Officer of the Order of Australia Orthoptic Associate, Royal Australian and New Zealand College of Ophthalmologists</p>	<p>Founding Director Member of the Governance & Nominations Committee Member of the Programs and Partnerships Committee</p>
<p>Ruwan de Mel</p> 	<p>Over 20 years' experience in the accounting and banking professions and more than 17 years in international aid and development.</p> <p>Member of the Institute of Chartered Accountants in England and Wales.</p> <p>Member of the Institute of Chartered Accountants Australia and New Zealand.</p> <p><u>Previously</u> Director of Strategy, The Global Fund to Fight AIDs, Tuberculosis and Malaria</p>	<p>Member of the Programs and Partnerships Committee</p>
<p>Paul Ruiz</p> 	<p>Independent, Non-Executive Director TAL Dai-Ichi Life Australia Pty, TAL Life Limited and Asteron Life & Superannuation Limited</p> <p>Independent member of Audit and Risk Committees of:</p> <ul style="list-style-type: none"> • NSW Treasury • State Library of New South Wales (Chair) • Western Parkland City Authority <p>Fellow of the Institute of Chartered Accountants in England & Wales</p> <p>Graduate of Australian Institute of Company Directors</p>	<p>Chair of the Finance and Audit Committee</p> <p>Chair of the Board of Alina Vision Pte. Ltd. (from March 2020)</p>

Name	Experience and Qualifications	Special responsibilities within FHF
<p data-bbox="209 271 322 342">Paul Torzillo</p> 	<p data-bbox="392 271 1010 336">Head of Respiratory Medicine, Royal Prince Alfred Hospital, Sydney</p> <p data-bbox="392 351 962 416">Executive Clinical Director, Royal Prince Alfred Hospital</p> <p data-bbox="392 432 1015 497">Senior Physician, Intensive Care Unit, Royal Prince Alfred Hospital.</p> <p data-bbox="392 512 933 546">Medical Director, Nganampa Health Council</p> <p data-bbox="392 562 654 595">Director Healthabitat</p> <p data-bbox="392 611 930 676">Clinical Professor of Medicine, University of Sydney.</p> <p data-bbox="392 692 970 757">Clinical Director, Critical Care Services, Sydney Local Area Health District</p> <p data-bbox="392 772 676 806">Order of Australia (AM)</p> <p data-bbox="392 840 528 873"><u>Previously</u></p> <p data-bbox="392 896 898 994">Consultant in child Health, World Health Organization, Integrated management of Childhood Illness (IMCI) program</p> <p data-bbox="392 1010 957 1075">Royal Australian College of Ophthalmologists, National trachoma and Eye Health Program</p>	<p data-bbox="1040 271 1406 336">Member of the Programs and Partnerships Committee</p>
<p data-bbox="197 1131 333 1202">Jane Madden</p> 	<p data-bbox="392 1131 866 1164">Director, Principal, Brickfielder Insights</p> <p data-bbox="392 1180 992 1214">Board Member, Canberra Institute of Technology</p> <p data-bbox="392 1229 932 1294">Non-Executive Director, Australian Business Volunteers</p> <p data-bbox="392 1310 1010 1375">Board Member/President, National Foundation for Australian Women</p> <p data-bbox="392 1391 823 1424">Board Member, Black Dog Institute</p> <p data-bbox="392 1440 935 1505">Graduate of Australian Institute of Company Directors</p> <p data-bbox="392 1520 986 1585">B.Ec /Grad Dip international Law University Tas / ANU</p> <p data-bbox="392 1619 528 1653"><u>Previously</u></p> <p data-bbox="392 1675 911 1709">Deputy Secretary, Australian Government.</p> <p data-bbox="392 1724 957 1789">Diplomat/ Australian Ambassador to UNESCO 2003-2007</p>	<p data-bbox="1040 1131 1318 1196">Board Member <i>(from 1 February 2021)</i></p>

Company Secretary

Daryn Deiley

Limitation of Members Liability

The Fred Hollows Foundation is a company limited to guarantee. In accordance with its Constitution, the liability of its 131 Members is limited to \$50.00 per person or an aggregate of \$6,550 in the event of the company being wound up.

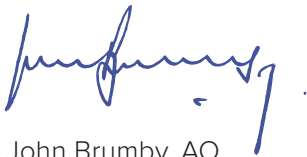
Auditor's Independence

The Directors have received an independent declaration from the auditor of The Foundation, BDO Audit Pty Ltd.

Auditor

BDO Audit Pty Ltd was appointed to office in 2020 in accordance with the Australian Charities and Not-for-Profits Commission Act 2012.

Signed in accordance with resolution of the Directors.



John Brumby, AO
Chair
Date: 25 March 2021
Sydney, NSW Australia

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF THE FOUNDATION



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF THE FRED HOLLOWES FOUNDATION

As lead auditor of The Fred Hollowes Foundation for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Fred Hollowes Foundation and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Tim Aman', is written above the printed name.

Tim Aman
Director

BDO Audit Pty Ltd
Sydney
25 March 2021

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2020		2020	2019
	Notes	\$'000	\$'000
REVENUE			
Community and corporate support			
- Donations and gifts		45,684	51,144
- Bequests and legacies		17,137	14,090
Grants			
- Government grants – Department of Foreign Affairs and Trade (DFAT)		9,667	11,189
- Other Australian government		-	108
- Other Australian		888	-
- Other overseas		9,008	17,996
Investment income	5	551	1,570
Other Income / (Expenditure)	6	1,812	[52]
TOTAL REVENUE		84,747	96,045
EXPENDITURE			
<i>International aid and development programs expenditure</i>			
International Programs			
- Funds to international programs		23,251	46,944
- Program support costs		13,988	14,038
Community education		6,079	7,641
Fundraising costs			
- Public fundraising		14,248	15,762
- Government, multilateral and private		144	159
Accountability and administration		4,423	5,820
Total international aid and development programs expenditure		62,133	90,364
<i>Domestic aid and development programs expenditure</i>			
- Domestic programs		4,717	6,061
- Community education		770	759
- Fundraising costs		1,823	1,583
- Accountability and administration		560	578
Total domestic aid and development programs expenditure		7,870	8,981
TOTAL EXPENDITURE		70,003	99,345
Operating Surplus / (Deficit)		14,744	[3,300]
Bargain gain on acquisition	9	-	641
Surplus / (Deficit)		14,744	[2,659]
Surplus / (Deficit) for the year attributable to:			
Non-controlling interest		[309]	[7]
Members of the parent		15,053	[2,652]
Total Surplus/(Deficit) for the year		14,744	[2,659]

Note: The above Statement of income should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020	Notes	2020 \$000	2019 \$000
ASSETS			
Current assets			
Cash and cash equivalents		37,874	8,836
Other interest bearing deposits		317	317
Trade and other receivables	7	5,802	6,103
Loans receivable		-	317
Total current assets		43,993	15,573
Non-current assets			
Financial assets at fair value	8	-	11,130
Other receivable	12(b)	986	3,260
Property, plant and equipment	10	2,120	4,847
Intangible assets	11	3,643	4,410
Total non-current assets		6,749	23,647
TOTAL ASSETS		50,742	39,220
LIABILITIES			
Current liabilities			
Trade and other payables	12	5,484	3,914
Deferred grants	13	11,731	10,930
Other financial liabilities		-	918
Provisions	14	3,195	2,244
Lease liabilities	15	355	917
Total current liabilities		20,765	18,923
Non-current liabilities			
Other financial liabilities		32	1,391
Other Payables	12(b)	1,039	3,369
Provisions	14	743	444
Lease liabilities	15	100	1,774
Total non-current liabilities		1,914	6,978
TOTAL LIABILITIES		22,679	25,901
NET ASSETS		28,063	13,319
Total Equity attributable to:			
Non-Controlling Interest		459	768
Members of the Parent		27,604	12,551
TOTAL EQUITY		28,063	13,319

Note: The above Statement of financial position should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020	Notes	2020	2019
		\$000	\$000
Cash flows from operating activities			
Receipt from donors		45,684	51,144
Receipts from bequests		18,013	15,866
Receipt of government grants		13,469	10,943
Receipt of other grants		7,019	20,721
Receipt of Jobkeeper grants		2,889	-
Payment of program and operating expenditures		[35,380]	[61,575]
Payment to employees for program and operating activities		[30,854]	[31,501]
Net cash flows from operating activities		20,840	5,598
Cash flows from investing activities			
Disposal of financial assets at fair value		11,518	2,000
Purchase of financial assets at fair value		-	[2,000]
Dividends received		25	83
Interest received		99	58
Other receipts		158	106
Net cash inflow on acquisition of subsidiary		21	2,068
Loan repayment of strategic partner		317	220
Acquisition of plant and equipment	10(b)	[22]	[164]
Purchase of intangibles	11	[684]	[1,317]
Net cash flows from investing activities		11,432	1,054
Cash flows from financing activities			
Repayment of leasing liabilities		[854]	[975]
Interest on leasing liabilities paid		[109]	[78]
Receipt of bank loan		-	304
Repayment of bank loan – principal		[2,147]	[870]
Repayment of bank loan – interest		[124]	[132]
Net cash flows used in financing activities		[3,234]	[1,751]
Net increase in cash and cash equivalents		29,038	4,901
Cash and cash equivalents at beginning of the period		8,836	3,935
Cash and cash equivalents at end of the period		37,874	8,836

Note: The above Statement of cash flows should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Accumulated Surplus	Contingency Reserve	Non- Controlling Interest (i)	Total
		\$000	\$000	\$000	\$000
Balance as at 1 January 2019		1,403	13,800	-	15,203
Deficit for the year		[2,652]	-	[7]	[2,659]
Acquisition of Alina Vision		-	-	775	775
Movements in contingency reserves		1,249	[1,249]	-	-
Balance as at 31 December 2019		-	12,551	768	13,319
Balance as at 1 January 2020		-	12,551	768	13,319
Surplus / (deficit) for the year		15,053	-	[309]	14,744
Movements in contingency reserves		40	[40]	-	-
Balance as at 31 December 2020	16	15,093	12,511	459	28,063

(i) The non-controlling interest represents the minority shareholders interest in Alina Vision Pte Limited.

Note: The above Statement of changes in equity should be read in conjunction with accompanying notes.

1. General information and statement of compliance

The consolidated financial statements of The Fred Hollows Foundation (the parent entity), and its subsidiaries (collectively the group and referred to as The Foundation from here on) for the year ended 31 December 2020, were authorised for issue in accordance with a resolution of the directors on 25 March 2021. The Foundation is a not for profit entity, and a public company limited by guarantee. It is an income tax exempt charitable organisation, incorporated and domiciled in Australia. The registered office is located at Level 9, 320 Pitt Street, Sydney, NSW, Australia.

The Foundation is principally engaged in the promotion of its vision of a world in which no one is needlessly blind or vision impaired.

(a) Basis of preparation

The Foundation's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency, and are rounded to the nearest thousand dollars (\$000) except where indicated otherwise.

The Foundation's consolidated financial statements are a general purpose financial report which have been prepared in accordance with the requirements of the *Australian Accounting Standards Reduced Disclosure Requirements*, *Australian Charities and Not-for-Profits Commission Act 2012*, *Australian Charities and Not-for-Profits Commission Regulation 2013*, *Charitable Fundraising Act 1991 (NSW)*, *Charitable Fundraising Regulation 2015 (NSW)*, *Charitable Collections Act 1946 (WA)*, *Charitable Collections Regulations 1947 (WA)* and the *Australian Council for International Development (ACFID) Code of Conduct*. The financial report has been prepared in accordance with the historical cost convention except for the financial assets, which are measured at fair value.

Where additional disclosures are presented in the reporting year, The Foundation has disclosed the same comparative information for the prior year.

(b) Statement of compliance

The Foundation has adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The adoption of AASB1053 and AASB 2010-2 means there is reduced disclosure requirements for The Foundation, in particular within the disclosures around financial risk management objectives and policies.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of The Foundation and its subsidiaries as at 31 December 2020. Control is achieved when The Foundation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, The Foundation controls an investee if and only if The Foundation has:

- Power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when The Foundation has less than the majority of the voting or similar rights of an investee, The Foundation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Foundation's voting rights and potential voting rights

The Foundation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when The Foundation obtains control over the subsidiary and ceases when The Foundation loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date The Foundation gains control until the date The Foundation ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with The Foundation's accounting policies. All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of The Foundation are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If The Foundation loses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. Subsidiaries and Parent financial information

The Parent entity of the consolidated entity is The Fred Hollowes Foundation. The subsidiaries of the Parent entity are The Fred Hollowes Foundation (UK), The Fred Hollowes Foundation Kenya, The Fred Hollowes Foundation (Hong Kong), The Fred Hollowes Foundation (USA), The Fred Hollowes

Foundation Social Action Fund (USA), all 100% owned and controlled by the Parent entity. The Parent entity also has a 76.6% ownership interest in Alina Vision Pte. Ltd. Alina Vision Pte. Ltd. owns 100% of the shares of Alina Eye Hospital Social Enterprise Company Limited (see note 9).

a) Statement of financial position information

Financial position information related to the subsidiaries and parent entity.

(i) Subsidiaries

Financial position information related to the subsidiaries:	2020	2019
	\$000	\$000
Current assets	1,403	6,471
Non-current assets	1,748	1,133
Total assets	3,151	7,604
Current liabilities	1,099	4,203
Non-current liabilities	32	-
Total liabilities	1,131	4,203
Net assets	2,020	3,401

(ii) Parent entity	2020	2019
	\$000	\$000
Current assets	42,590	9,102
Non-current assets	5,001	22,514
Total assets	47,591	31,616
Current liabilities	19,666	18,089
Non-current liabilities	1,882	3,609
Total liabilities	21,548	21,698
Net assets	26,043	9,918

The Parent entity's cash balance and other interest bearing deposits of \$35.3m is held with Westpac Banking Corporation.

2. Subsidiaries and Parent financial information (Continued)

b) Statement of income – Parent

	2020	2019
REVENUE FROM CONTINUING OPERATIONS	\$000	\$000
Community and Corporate support		
- Donations and gifts	43, 698	48, 548
- Bequests and legacies	17, 137	14, 090
Grants		
- Government grants - DFAT	9, 667	11, 189
- Other Australian government	-	108
- Other Australian	888	-
- Other overseas	9, 008	17, 857
Net gains fair value	551	1, 570
Other Income / (Expenditure)	1, 712	[120]
TOTAL REVENUE	82, 661	93, 242
EXPENDITURE		
<i>International Aid & Development Programs Expenditure</i>		
International Programs		
Funds to international programs	22, 015	46, 844
Program support costs	13, 895	13, 941
Community Education	5, 426	6, 740
Fundraising Costs		
- Public fundraising	13, 055	14, 283
- Government, multilateral and private	144	159
Accountability & Administration	4, 143	5, 645
<i>Total International Aid & Development Programs Expenditure</i>	58, 678	87, 612
<i>Domestic Aid & Development Programs Expenditure</i>		
- Domestic programs	4, 705	6, 039
- Community education	770	759
- Fundraising costs	1, 823	1, 583
- Accountability & administration	560	576
<i>Total Domestic Aid & Development Programs Expenditure</i>	7, 858	8, 957
TOTAL EXPENDITURE	66, 536	96, 569
Operating Surplus / (Deficit)	16, 125	[3, 327]
Bargain gain on acquisition of associate	-	641
Surplus / (Deficit) for the year	16, 125	[2, 686]

3. Summary of significant accounting policies

(a) Current and non-current classification

The Foundation presents assets and liabilities in the Statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Foundation classifies all other liabilities as non-current.

(b) Cash and cash equivalents

Cash and cash equivalents in The Foundation's Statement of financial position comprises of cash at bank and in hand (Includes cash and cash equivalents held in foreign bank accounts), and short-term deposits with an original maturity of three months or less.

(c) Other interest-bearing deposits

These are short-term deposits with maturities over three months but less than one year.

(d) Trade and other receivables

Trade receivables are recognised and carried at their carrying amounts which equates to fair value, this is largely due to the short-term nature of these receivables.

(e) Financial assets

All financial assets are initially recognised at fair value of the consideration given plus the transaction costs associated with the investment. The financial assets are then recorded at fair value through the Statement of income on subsequent measurements.

Fair value is the price that would be received from a sale of or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the financial assets of The Foundation has been determined as follows:

(i) Managed Funds

Managed funds are valued at the redemption price as at balance date quoted by the investment manager.

(ii) Directly Held Shares

The fair value of listed shares are determined directly by reference to published price quotations in an active market.

(f) Property, Plant and equipment

(i) Cost and valuation

The Foundation does not own any property. Items of plant and equipment are valued at cost, less accumulated depreciation and any accumulated impairment.

(ii) Depreciation

Depreciation is provided for on a straight line basis at rates over the estimated useful lives of the assets as follows:

<i>Motor vehicles</i>	3-5 years
<i>Office machines and equipment</i>	3-10 years
<i>Office furniture and equipment</i>	3-10 years
<i>Leasehold improvements</i>	5-15 years

The assets' residual values, useful lives and amortisation methods are reviewed at the end of each financial year.

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(g) Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Goodwill is not amortised.

Software development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and The Foundation intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, software development expenditure is recognised in the Statement of income as incurred.

Costs incurred in developing products or systems and costs incurred in acquiring software that will contribute to future benefits through revenue generation and/or cost reduction are capitalised to software and systems. IT development and software costs have a finite useful life.

Costs capitalised include external direct costs of materials, and directly attributable employee costs, with amortisation calculated on a straight line-basis over 3-5 years. IT web portal development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the company has an intention and ability to use the asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in Statement of income when the asset is de-recognised.

(h) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(i) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to The Foundation prior to the end of the financial year that are unpaid and arise when The Foundation becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Provisions

Provisions are recognised when The Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the Statement of income net of any reimbursement.

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the present value method.

Consideration is given to expected future wage and salary levels, experience of employee

3. Summary of significant accounting policies (Continued)

departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, to the estimated future cash outflows.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Donation revenue and grants

For all revenue contracts, The Foundation assesses each contract to determine whether it is enforceable and whether its performance obligations are sufficiently specific. For those contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate revenue recognition under AASB 1058. Revenue is deferred under AASB 15 otherwise.

AASB 15 applies where there is an enforceable contract with a customer with ‘sufficiently specific’ performance obligations which results in revenue being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate recognition under AASB 1058.

Control of a right to receive the donation is attained, usually evidenced by receipt of cash. Donations and grants received, which are unspent at balance date and are for a specific project not yet complete, are only recognised as revenue when the project occurs as these amounts are repayable if not fully utilised on the specific project.

(ii) Bequest

The Foundation recognises bequest revenue on receipt. Bequests received in the form of shares are recognised as bequest revenue at the market value on the date the shares were transferred to The Foundation from the estates. Any market movement in value of shares following the transfer date of beneficial ownership to The Foundation is treated as net gains or losses on investments.

(iii) Investment income

Interest income is recognised using the effective interest method, with interest accrued over the relevant period using the effective interest rate. This rate exactly discounts the estimated future cash flows over the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend and distribution income and interest income arising from financial assets at fair value is also included in “net gains or losses on investments at fair value”. Dividends and distributions are recognised at the time the right to receive them, has been established and holding goes ex-dividend or ex-distribution.

(l) Taxes

(i) Current income tax

The parent entity has been registered under Subdivision 50-B of the Income Tax Assessment Act 1997 in Australia, and accordingly, is an income tax exempt charitable entity.

(ii) Goods and Services Tax (GST)

In Australia, where the parent entity operates, revenue, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable: and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of financial position.

Cash flows are included in the Statement of cash flows on a gross basis and the GST component of the cash flows arising from investing and financing activities, which is recoverable or payable to the taxation authority, is classified as cash flows from operations.

(iii) Withholding Tax

In countries where subsidiaries comply with withholding tax legislation, revenue, expenses and assets are recognised net of withholding tax while receivables and payables are stated net of the withholding tax.

(m) Foreign currency translations

On consolidation, foreign currency assets and liabilities are translated into Australian dollars at the rate of exchange prevailing at the reporting date and foreign currency income and expenses are translated at the monthly average exchange rates for the current month. The exchange differences arising on translation for consolidation are recognised in the Statement of income.

(n) Fundraising activities

The parent entity, The Fred Hollows Foundation being a charitable institution, has requirements under the *Charitable Fundraising Act 1991 (NSW)*. This Act provides the manner in which fundraising appeals are conducted, controlled and reported. These are shown in Note 24 of the financial statements.

(o) Government grants

Government grants are recognised in the Statement of financial position as a liability when the grant is received.

The Foundation will assess the enforceability of a contract and the specificity of performance obligations attached to a grant, and based on this assessment, the grant will be either recognised immediately under AASB15 or is recognised as revenue on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed under AASB1058.

(p) Business Combinations

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

The consideration transferred in a business combination is measured at fair value, which is the sum of acquisition date fair values of the:

- Assets transferred by the acquirer
- The liabilities incurred by the acquirer to former owners of the acquiree
- The equity interests issued by the acquiree, and
- Contingent consideration.

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in Statement of income, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase. A bargain purchase occurs where the consideration is less than the fair value of the assets and liabilities acquired and is recognised immediately in profit or loss on acquisition date.

(q) Leases

At the commencement date of the lease, The Foundation recognises lease liabilities measured at the present value of lease payments to be made over the lease term unless they have a lease term of 12 months or less or are considered to be low value.

The Foundation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease

3. Summary of significant accounting policies (Continued)

(r) Significant accounting judgments

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as on manufacturers' warranties (for plant and equipment), and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(ii) Gifts in-kind

During the year The Foundation received approximately 6 million (2019: 19 million) doses of Zithromax donated by Pfizer under the International Trachoma Initiative for collection, distribution and application in the Oromia region of Ethiopia. The Board has taken the view that control and significant risk and rewards of Zithromax never passed to The Foundation and has therefore not accounted for their receipt or distribution in the financial statements.

Volunteer work done within The Foundation is not reported and is not material.

4. Financial risk management objectives and policies

The Foundation's principal financial instruments comprise cash and short-term deposits, receivables, payables, and investments.

Risk exposures and responses

The Foundation manages its exposure to key financial risks, including interest rate and currency risk in accordance with The Foundation's Board approved Risk Management Policy. The objective of the policy is to support the delivery of The Foundation's financial targets while protecting future financial security.

The main risks arising from The Foundation's financial instruments are interest rate risk, foreign currency risk, credit risk, price risk and liquidity risk. The Foundation uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, equity price risk and foreign exchange risk and assessments of market forecasts for interest and foreign exchange rates as well as prices of shares in equity. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is assessed through the development of rolling cash flow forecasts.

Primary responsibility for monitoring the management of financial risks rests with the Finance and Audit Committee under the authority of the Board.

(a) Interest rate risk

The Foundation's exposure to risk with regards to movements in market interest rates is limited to daily cash balances held in interest bearing accounts. The Foundation's long term borrowings have fixed interest rates and it also has a temporary overdraft facility with a variable interest rate. At 31 December 2020 no overdraft facility has been utilised.

(b) Foreign currency risk

The Foundation funds program countries based on their local currency budgets on condition that should there be a material devaluation of AUD against their local currencies, The Foundation reserves the right to limit the funding to the AUD budgeted amount. Where possible, The Foundation uses foreign currency grants for settlement of expenses in that currency.

(c) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause The Foundation to incur financial loss.

The Foundation's exposure to credit risk arises from default of the counterparty, with the current maximum exposure at the reporting date equal to the fair value of these instruments as disclosed in the Statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values.

(d) Price risk

The Foundation's financial assets are subject to price risk.

Price risk can arise where direct shareholdings are received from estates. The Foundation manages this risk via its policy to only hold shares up to a maximum of 45 days.

(e) Liquidity risk

Liquidity risk arises from the financial liabilities of The Foundation and its subsequent ability to meet its obligation to repay these liabilities as and when they fall due.

The Foundation's objective is to maintain a balance between continuity of funding and flexibility through the use of effective working capital management practices,

The Foundation manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis. In addition, The Foundation maintains sufficient cash to meet worldwide programs' normal operating requirements (See note 16).

5. Investment income

	Note	2020	2019
		\$000	\$000
Dividend and interest income		148	66
Realised gain on financial assets	8	403	-
Unrealised gain on financial assets		-	1, 504
		551	1, 570

6. Other income/(expenditure)

This includes income or losses from disposal of plant and equipment, foreign currency transactions and other receipts.

	2020	2019
	\$000	\$000
Impairment / Loss on disposal of property, plant, equipment and intangible assets	[947]	[5]
Exchange losses	[569]	[412]
Jobkeeper grants	2, 889	-
Paycheck Protection Program loan forgiveness	84	-
Interest expense	[233]	[210]
Sundry receipts	588	575
	1, 812	[52]

The Foundation has disclosed most significant revenue categories on the face of the Statement

of income and as such has only shown by way of note the breakdown of other revenues.

7. Trade and other receivables

	Notes	2020	2019
		\$000	\$000
Trade receivables		392	515
Country program advances	7(a)	661	939
Partner and equipment advances	7(b)	866	2,074
Dividend and interest receivables		70	39
GST receivable	7(c)	232	249
Cameroon Cataract Bond	12(b)	2,170	-
Bequest receivable		-	877
Prepayments		891	1,157
Others		520	253
		5,802	6,103

Trade receivables are non-interest bearing and are generally on 30-60-day terms. As at balance date all trade receivables are current and collectable.

(a) Country program advances:

These represent remittance of monies to The Foundation's country programs. The monies have been held for program expenditures which remain unspent as at balance date. As at balance date, all advances are current and we have raised a provision for impairment of \$264,000.

(b) Partner and equipment advances:

Advances are given to program partners to carry out project-based tasks or to a third-party

supplier to procure medical and other equipment. Advances are given to program partners to carry out project-based tasks or to a third-party supplier to procure medical and other equipment. As at balance date all advances are current and no provision for impairment has been recognised.

(c) GST receivable:

At balance date, the net GST is a receivable. Other tax liabilities (PAYG and FBT) are shown separately in Note 12.

8. Financial assets at fair value

The Foundation liquidated its entire holdings in the AMP Capital Ethical Leaders Balanced Fund on the 12 February 2020.

9. Acquisition and disposals

In November 2020, Alina Vision Pte. Ltd. (Alina Vision), which The Foundation holds a 76.6% interest in, acquired 100% of the share capital of Alina Eye Hospital Social Enterprise Company Limited (AEHSE) for \$64,000.

The provisional fair value of the company's assets, liabilities and contingent liabilities as at acquisition

date was a net liability of \$159,000 and as a result, Goodwill on acquisition of \$223,000 has been recognised in the consolidated statement of financial position. In August 2019, there was a bargain gain of \$641,000 on the acquisition of associate (Alina Vision Pte. Ltd.).

10. Property, plant and equipment

	2020			2019		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Motor vehicles (i)	228	[172]	56	269	[173]	96
Office furniture and equipment	1,484	[1,326]	158	1,897	[1,506]	391
Medical Equipment	900	[175]	725	804	[94]	710
Leasehold improvements	1,518	[774]	744	2,396	[1,398]	998
Right of Use Assets	821	[384]	437	3,665	[1,013]	2,652
	4,951	[2,831]	2,120	9,031	[4,184]	4,847

(i) Motor vehicles are used for program delivery in countries where the Foundation undertakes its activities.

(b) Reconciliation of carrying amounts at the end of the period

Movement in non-current assets

	Motor vehicles	Office Furniture & equipment	Medical Equipment	Leasehold improvements	Right to use Asset	Total
	\$000	\$000	\$000	\$000	\$000	\$000
As at 1 January 2020 net of accumulated depreciation and impairment	96	391	710	998	2,652	4,847
Additions	-	22	-	-	-	22
Impairment on exit of lease	-	-	-	-	[1,272]	[1,272]
Assets acquired in acquisition	-	108	163	435	-	706
Impairment / Disposals, cost less accumulated depreciation	-	[173]	-	[418]	-	[591]
Depreciation charge for the year	[28]	[177]	[78]	[237]	[943]	[1,463]
Exchange differential in revaluing opening balance to closing exchange rates	[12]	[13]	[70]	[34]	-	[129]
As at 31 December 2020	56	158	725	744	437	2,120

The assets of the parent company, 100% owned subsidiaries and partly owned subsidiaries have been reviewed for appropriate useful life and whether or not they still have any economic value

to The Foundation. Post review, adjustments to the accounts were made for derecognition of certain assets and changes in useful life of other assets.

(c) Reconciliation of carrying amounts at the beginning of the period

Movement in non-current assets

	Motor vehicles	Office Furniture & equipment	Medical Equipment	Leasehold improvements	Right to use Asset	Total
	\$000	\$000	\$000	\$000	\$000	\$000
As at 1 January 2019 net of accumulated depreciation and impairment	51	600	-	1,270	-	1,921
Additions	61	103	-	-	1,740	1,904
AASB 16 recognition entry	-	-	-	-	1,925	1,925
Assets acquired in Business Combination	-	-	803	-	-	803
Disposals, cost less accumulated depreciation	-	[40]	-	-	-	[40]
Depreciation charge for the year	[19]	[277]	[93]	[285]	[1,013]	[1,687]
Exchange differential in revaluing opening balance to closing exchange rates	3	5	-	13	-	21
As at 31 December 2019	96	391	710	998	2,652	4,847

11. Intangible assets

	Note	2020			2019		
		Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
(a) Carrying amount as of balance date		\$000	\$000	\$000	\$000	\$000	\$000
Software and Systems		7,356	[3,936]	3,420	7,541	[3,131]	4,410
Goodwill	9	223	-	223	-	-	-
		7,579	[3,936]	3,643	7,541	[3,131]	4,410

(b) Reconciliation of carrying amounts at the end of the period

	2020	2019
	\$000	\$000
As at the start of the year	4,410	4,223
Additions	684	1,317
Acquired on acquisition	223	-
Impairments	[401]	-
Amortisation for the year	[1,273]	[1,130]
As at end of the year	3,643	4,410

The Intangible assets have been reviewed for appropriate useful life and whether or not they still have any economic value to The Foundation. Post

review, adjustments to the accounts were made for derecognition of certain assets and changes in useful life of other assets.

12. Trade and other payables

	Notes	2020	2019
		\$000	\$000
Current			
Trade payables		1,406	2,670
Cameroon Cataract Bond accrual	12(b)	2,290	-
Accrued expenses		1,778	1,054
Tax liabilities	12(a)	8	173
Other creditors		2	17
As at end of the year		<u>5,484</u>	<u>3,914</u>
Non Current			
Cameroon Cataract Bond accrual	12(b)	<u>1,039</u>	<u>3,369</u>

(a) Tax liabilities

Tax liabilities are for PAYG and fringe benefits tax liabilities. There is no liability for GST.

(b) Cameroon cataract bond

– Accrual and other receivable

The Foundation is involved in a project to support the Magrabi ICO Cameroon Eye Institute to significantly increase the volume and quality of cataract surgeries undertaken in Cameroon whereby it has guaranteed the capital loan amount, interest and associated costs incurred by the investing partners OPIC and Netri.

In 2020 The Foundation has accrued a liability of \$3,329,000 (2019: \$3,369,000) for these guaranteed amounts and determined \$2,290,000 may be payable in the next 12 months and

\$1,039,000 may be payable in the next 2 years. The Foundation has also recognised the contracted receivables of \$3,156,000 (2019: \$3,260,000) from grant funders Conrad Hilton Foundation and Sightsavers for their contribution to these project costs. As the grant funders are due to meet their commitments from 2021, it has been determined \$2,170,000 may be receivable in the next 12 months and an additional \$986,000 may be receivable in the next 2 years.

The 2020 financial statements includes a restatement of the 2019 Cameroon Cataract Bond guaranteed capital loan amount. The entire amount of \$3,369,000 was reclassified from current to non-current liability because, as at 31 December 2019, The Foundation had an unconditional right to defer payment for a period of greater than 12 months.

13. Deferred grants

These are Australian Government and other grants credited with interest and have a term of less than one year.

	2020	2019
	\$000	\$000
Government grants	9,025	5,224
Other grants	2,706	5,706
	<u>11,731</u>	<u>10,930</u>

14. Provisions

Current	2020	2019
	\$000	\$000
Annual Leave	2,276	1,826
Long Service Leave	316	418
Other	329	-
Lease Make Good	274	-
	3,195	2,244
Non Current		
Long Service Leave	534	444
Lease Make Good	209	-
	743	444

Provisions are recognised when the Foundation has a present legal or constructive obligation, as a result of past events, for which it is probable that

an outflow of economic benefits will result, and that outflow can be reliably measured.

15. Lease liability

	2020	2019
	\$000	\$000
Current	355	917
Non-Current	100	1,774
	455	2,691

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening Balance	2,691	-
Additions	-	1,740
Remeasurement on exit of lease	[1,382]	1,926
Lease payments	[963]	[1,053]
Finance charges	109	78
Closing Balance	455	2,691

Future minimum lease payments as at 31 December 2020 are as follows:

	Minimum Lease payments due			
	Within 1 Year	1-2 Years	2-3 Years	Total
	\$000	\$000	\$000	\$000
As at 31 December 2020				
Lease payments	370	100	1	471
Finance charges	[15]	[1]	-	[16]
Lease Liabilities	355	99	1	455

In January 2021 the location of The Foundation's Sydney office changed to Level 9, 320 Pitt Street, Sydney. The new lease was for a period of 12

months or less from the commencement date and as a result The Foundation applied the short-term lease recognition exemption to this lease.

16. Reserves

Contingency reserve

The Foundation calculates and maintains a contingency reserve (\$12.5m in 2020) primarily to protect against any catastrophic event resulting cessation or significant reduction in revenue to meet the contractual, legal and ethical obligations to partners, suppliers of goods and services and staff.

Accumulated surplus

Accumulated surplus is that part of The Foundation's equity represented by amounts in excess of the contingency reserve. These funds are used to support the working capital requirements of The Foundation ensuring we are able to support our planned work by covering the uneven cash flows of revenue being received. A portion of the accumulated surplus has also been set aside to support dealing with the backlog of eye health problems which were unable to be dealt with in 2020 due to the impact of COVID-19.

17. Key management personnel

	2020	2019
	\$000	\$000
Compensation of key management personnel of The Foundation:		
Short-term employee benefits	1,435	1,399
Other long-term employee benefits	10	12
	1,445	1,411

The Foundation's constitution, prohibits the payment of remuneration to any of its directors.

The amounts disclosed in the table are the amounts recognised as an expense during the reported

period related to key management personnel (comprising CEO, Deputy CEO, Chief Operating Officer and Executive Director of Programs).

18. Events subsequent to reporting date

The current global pandemic with COVID-19 continues to cause operational challenges to The Foundation's planned work. Despite this, other decisions and actions have ensured it has not had a significant detrimental impact on the financial results of The Foundation. However, we are aware there is a backlog of our critical work to reduce vision loss and blindness as a result of the pandemic. For this reason, we have planned

to use funds from our accumulated surplus for future programming to ensure we can impact the backlog once operating conditions have stabilised.

The Directors are not aware of any other material events occurring after balance date of this report that would require further disclosure in these financial statements.

19. Limitation of members liability

The parent entity, The Fred Hollows Foundation, is a company limited by guarantee and in accordance with its Constitution, in the event of it

being wound up, the liability of members will not exceed \$50.00 per member or an aggregate of \$6,550.

20. ACFID Code of Conduct

Certain items required in the ACFID Code of Conduct reporting are not displayed. These include, but are not limited to, Inventories, Assets

held for sale, Investment property and other reserves which have nil balances for both the reporting periods covered.

21. Related party disclosure

Grants to / (from) related parties	2020	2019
	\$000	\$000
The Fred Hollows Foundation (Hong Kong)	[740]	25
The Fred Hollows Foundation (Kenya)	688	1,565
The Fred Hollows Foundation (UK)	863	809
The Fred Hollows Foundation (USA)	300	912

Funding was given to support The Foundation's subsidiaries in Kenya, US and UK.

The Foundation's subsidiary in Hong Kong provided a grant to the parent entity in 2020.

22. Information furnished under the ACFID Code of Conduct

(a) Non-monetary gifts and expenditures

Non-monetary donations and gifts are not included in the Statement of income. No non-monetary donations or gifts were made during the period.

for the year on international political or religious proselytisation programs.

(b) Revenue (expenditure) for international political or religious proselytisation programs

No revenue was earned, nor expenditure incurred

(c) Table of Cash Movements for Designated Purpose

No single appeal or other form of fundraising for a designated purpose generated 10% or more of total income for the year ended 31st December 2020.

23. Auditor's remuneration

	2020	2019
	\$000	\$000
For audit or review of financial report		
BDO Audit Pty Ltd / EY Australia	75	96
BDO - Overseas / EY - overseas	144	101
Non- BDO / EY audit firms	59	205
	278	402

In 2020 The Foundation changed auditors from EY to BDO.

24. Information furnished under the Charitable Fundraising Act (NSW)

The following information relates to the Parent entity (The Fred Hollows Foundation) only and is a requirement of the Charitable Fundraising Act 1991 (NSW).

a. Details of aggregate gross income and total expenditure of fundraising appeals

	2020	2019
	\$000	\$000
Proceeds from fundraising appeals		
Donations	43,698	48,548
Bequests	17,137	14,090
Gross proceeds from fundraising appeals	60,835	62,638
Direct costs of fundraising appeals		
Donations	14,702	15,682
Bequests	176	184
Cost of raising Government funds	144	159
Total direct costs of fundraising appeals	15,022	16,025
Net surplus from fundraising appeals	45,813	46,613

b. Statement showing how funds received are applied for charitable purposes

	2020	2019
	\$000	\$000
Net surplus obtained from fundraising appeals	45,813	46,613
Applied for charitable purposes as follows:		
Office administration	4,703	6,221
Costs of direct services:		
Community education	6,196	7,499
International programs	35,910	60,785
Indigenous programs	4,705	6,039
	46,811	74,323
Total expenditure	51,514	80,544
Shortfall	[5,701]	[33,931]

24. Information furnished under the Charitable Fundraising Act (NSW) (Continued)

c. Statement showing how funds received are applied for charitable purposes

	2020	2019
	\$000	\$000
Shortfall was provided by the following sources:		
Department of Foreign Affairs and Trade (DFAT)	9,667	11,189
Other government grants	-	108
Other Australian grants	888	-
Other overseas grants	9,008	17,857
Investment income	551	1,570
Other income / (expenditure)	1,712	[120]
	21,826	30,604
Surplus / (Shortfall)	16,125	[3,327]

d. Fundraising appeals conducted during the financial period:

The following fundraising appeals were conducted during the financial year.

- Regular Giving Program
- Public, Corporate and Trust Donations
- Direct Mail

All fundraising activities are related to Public Appeals. Our Regular Giving Program is the only appeal where traders are engaged.

e. Details of aggregate gross income and aggregate direct expenditure incurred in appeals in which traders were engaged in 2020:

Activity	Proceeds	Cost	Surplus	Costs/Proceeds
	\$000	\$000	\$000	%
Regular Giving	12,494	2,705	9,789	22

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the Parent entity, The Fred Hollows Foundation, I state that in the opinion of the directors:

- a. the financial statements and notes of The Fred Hollows Foundation and its subsidiaries (The Foundation) are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - i) giving a true and fair view of The Foundation's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*;
- b. there are reasonable grounds to believe that The Foundation is able to pay its debts as and when they become due and payable.

On behalf of the Board,



John Brumby, AO

Chair

Date: 25 March 2021
Sydney, NSW Australia

STATEMENT BY CHAIR OF THE FINANCE AND AUDIT COMMITTEE

Declaration by the Chair of the Finance and Audit Committee in respect of fundraising appeals under the *Charitable Fundraising Act 1991 (NSW)*.

In accordance with a resolution of the directors of the Parent entity, The Fred Hollows Foundation, I state that:

- a. The Consolidated Statement of income gives a true and fair view of all revenue and expenditure of The Fred Hollows Foundation and its subsidiaries (The Foundation) with respect to fundraising appeals; and
- b. The Consolidated Statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by The Foundation; and
- c. The provisions of the *Charitable Fundraising Act 1991 (NSW)*, the regulations under that Act and the conditions attached to the authority have been complied with by The Foundation; and
- d. The internal controls exercised by The Foundation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.



Paul Ruiz

Director, Chair of Finance and Audit Committee
Date: 25 March 2021
Sydney, NSW Australia



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of The Fred Hollowes Foundation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Fred Hollowes Foundation (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of The Fred Hollowes Foundation, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2015 and the requirements of the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947)

We have audited the financial report as required by Section 24(2) of the NSW Charitable Fundraising Act 1991 and the WA Charitable Collections Act (1946). Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the NSW Charitable Fundraising Act 1991 and



the NSW Charitable Fundraising Regulations 2015 and the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947).

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or noncompliance may occur and not be detected. An audit is not designed to detect all instances of noncompliance with the requirements described in the abovementioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) the financial report of The Foundation has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2020, in all material respects, in accordance with:
 - i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;
 - ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;
 - iii. the WA Charitable Collections Act (1946); and
 - iv. the WA Charitable Collections Regulations (1947).
- b) the money received as a result of fundraising appeals conducted by the Foundation during the financial year ended 31 December 2020 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

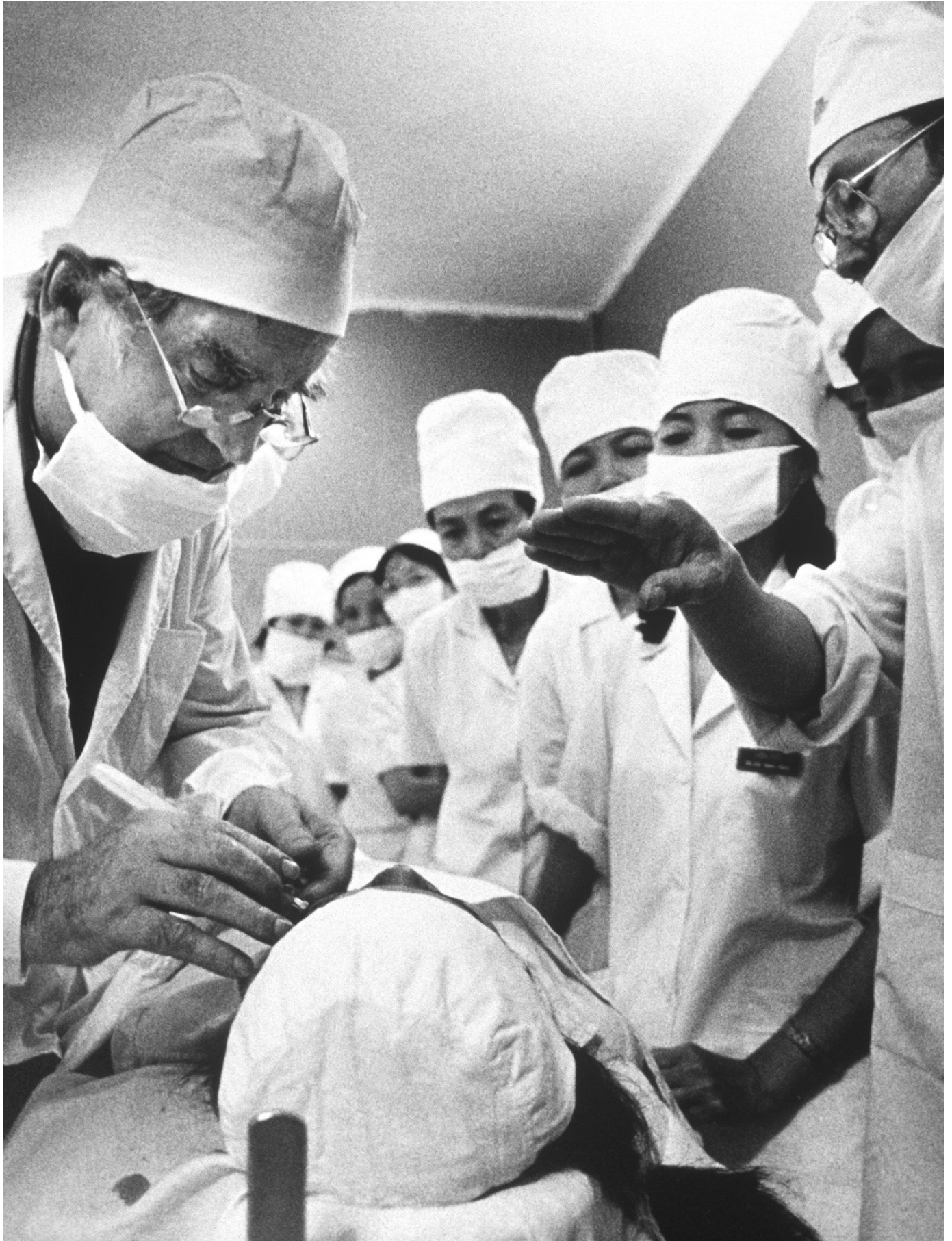
BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman'.

Tim Aman
Director

Sydney, 25 March 2021



The **Fred Hollows**
Foundation